

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

PART 1

SHORT TITLE, GENERAL CONSTRUCTION AND SUBJECT MATTER

440.2101 Uniform commercial code—sales; short title.

Sec. 2101. This article shall be known and may be cited as “uniform commercial code—sales”.

History: 1962, Act 174, Eff. Jan. 1, 1964.

440.2102 Application of article; security and other transactions excluded.

Sec. 2102. Unless the context otherwise requires, this article applies to transactions in goods; it does not apply to any transaction which although in the form of an unconditional contract to sell or present sale is intended to operate only as a security transaction nor does this article impair or repeal any statute regulating sales to consumers, farmers or other specified classes of buyers.

History: 1962, Act 174, Eff. Jan. 1, 1964.

440.2103 Uniform commercial code; sales; definitions.

Sec. 2103. (1) In this article unless the context otherwise requires:

(a) "Buyer" means a person who buys or contracts to buy goods.

(b) "Good faith" in the case of a merchant means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

(c) "Receipt" of goods means taking physical possession of them.

(d) "Seller" means a person who sells or contracts to sell goods.

(2) Other definitions applying to this article or to specified parts thereof, and the sections in which they appear are:

"Acceptance".	Section 2606.
"Banker's credit".	Section 2325.
"Between merchants".	Section 2104.
"Cancellation".	Section 2106(4).
"Commercial unit".	Section 2105.
"Confirmed credit".	Section 2325.
"Conforming to contract".	Section 2106.
"Contract for sale".	Section 2106.
"Cover".	Section 2712.
"Entrusting".	Section 2403.
"Financing agency".	Section 2104.
"Future goods".	Section 2105.
"Goods".	Section 2105.
"Identification".	Section 2501.
"Installment contract".	Section 2612.
"Letter of credit".	Section 2325.
"Lot".	Section 2105.
"Merchant".	Section 2104.
"Overseas".	Section 2323.
"Person in position of seller".	Section 2707.
"Present sale".	Section 2106.
"Sale".	Section 2106.
"Sale on approval".	Section 2326.
"Sale or return".	Section 2326.
"Termination".	Section 2106.

(3) The following definitions in other articles apply to this article:

"Check".	Section 3104.
"Consignee".	Section 7102.
"Consignor".	Section 7102.
"Consumer goods".	Section 9102.
"Dishonor".	Section 3502.
"Draft".	Section 3104.

(4) In addition article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 2000, Act 348, Eff. July 1, 2001.

440.2104 “Merchant,” “financing agency,” and “between merchants” defined.

Sec. 2104. (1) “Merchant” means a person who deals in goods of the kind or otherwise by his occupation holds himself out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such knowledge or skill may be attributed by his employment of an agent or broker or other intermediary who by his occupation holds himself out as having such knowledge or skill.

(2) “Financing agency” means a bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the sellers draft or making advances against it or by merely taking it for collection whether or not documents of title accompany the draft. “Financing agency” includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (section 2707).

(3) “Between merchants” means in any transaction with respect to which both parties are chargeable with the knowledge or skill of merchants.

History: 1962, Act 174, Eff. Jan. 1, 1964.

440.2105 Goods, lot, commercial unit; definitions.

Sec. 2105. (1) “Goods” means all things (including specially manufactured goods) which are movable at the time of identification to the contract for sale other than the money in which the price is to be paid, investment securities (article 8) and things in action. “Goods” also includes the unborn young of animals and growing crops and other identified things attached to realty as described in the section on goods to be severed from realty (section 2107).

(2) Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are “future” goods. A purported present sale of future goods or of any interest therein operates as a contract to sell.

(3) There may be a sale of a part interest in existing identified goods.

(4) An undivided share in an identified bulk of fungible goods is sufficiently identified to be sold although the quantity of the bulk is not determined. Any agreed proportion of such a bulk or any quantity thereof agreed upon by number, weight or other measure may to the extent of the seller's interest in the bulk be sold to the buyer who then becomes an owner in common.

(5) “Lot” means a parcel or a single article which is the subject matter of a separate sale or delivery, whether or not it is sufficient to perform the contract.

(6) “Commercial unit” means such a unit of goods as by commercial usage is a single whole for purposes of sale and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article (as a machine) or a set of articles (as a suite of furniture or an assortment of sizes) or a quantity (as a bale, gross, or carload) or any other unit treated in use or in the relevant market as a single whole.

History: 1962, Act 174, Eff. Jan. 1, 1964.

440.2106 Contract, agreement, contract for sale, sale, present sale; definitions of certain terms.

Sec. 2106. (1) In this article unless the context otherwise requires “contract” and “agreement” are limited to those relating to the present or future sale of goods. “Contract for sale” includes both a present sale of goods and a contract to sell goods at a future time. A “sale” consists in the passing of title from the seller to the buyer for a price (section 2401). A “present sale” means a sale which is accomplished by the making of the contract.

(2) Goods or conduct including any part of a performance are “conforming” or conform to the contract when they are in accordance with the obligations under the contract.

(3) “Termination” occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On “termination” all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

(4) “Cancellation” occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of “termination” except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance.

History: 1962, Act 174, Eff. Jan. 1, 1964.

440.2107 Contract for sale of property removable or severable from realty as contract for

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sale of goods; third party rights; execution and recording as notice to third parties.

Sec. 2107. (1) A contract for the sale of minerals or the like, (including oil and gas) or a structure or its materials to be removed from realty is a contract for the sale of goods within this article if they are to be severed by the seller but until severance a purported present sale thereof which is not effective as a transfer of an interest in land is effective only as a contract to sell.

(2) A contract for the sale apart from the land of growing crops or other things attached to realty and capable of severance without material harm thereto but not described in subsection (1) or of timber to be cut is a contract for the sale of goods within this article whether the subject matter is to be severed by the buyer or by the seller even though it forms part of the realty at the time of contracting, and the parties can by identification effect a present sale before severance.

(3) The provisions of this section are subject to any third party rights provided by the law relating to realty records, and the contract for sale may be executed and recorded as a document transferring an interest in land and shall then constitute notice to third parties of the buyer's rights under the contract for sale.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1978, Act 369, Eff. Jan. 1, 1979.